

**THE CHANCERY COURT FOR LEWIS COUNTY  
AT HOHENWALD, TENNESSEE**

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

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**SENTINEL TRUST RECEIVER'S MOTION FOR APPROVAL OF SALE OF PINE  
BLUFF JEFFERSON COUNTY, ARKANSAS FACILITY AND TO CERTIFY ORDER  
APPROVING SALE AS FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.**

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**I. INTRODUCTION**

Through this motion, the Sentinel Trust Receiver seeks approval of the Court concerning the sale of the collateral that exists in relation to a defaulted bond issue -- Jefferson County, Arkansas Healthcare Facilities First Mortgage Revenue Bonds Series 1999 (Pine Bluff Nursing Home Project) (hereinafter "Pine Bluff Bond Issue"). That collateral is the nursing home facility which is being sold as an ongoing business (hereinafter "Pine Bluff Facility").

**II. CONTRACT FOR PURCHASE**

Attached as **Exhibit A** hereto are Letter of Intent documents from DRS Holding, LLC ("DRS") which sets forth a purchase price of \$860,000<sup>1</sup> for the Pine Bluff Facility. **Exhibit A** consists of three documents which, when read together, constitute the purchase deal: 1) March 30, 2005 Letter of Intent setting forth DRS's original terms, 2) April 1, 2005 letter from DRS which increased the purchase price and amount of escrow, and 3) April 13, 2005 letter clarifying that the assets to be purchased would not include accounts receivable. As is apparent

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<sup>1</sup> The documents attached as **Exhibit A** reference to a purchase price of \$910,000 (see April 1, 2005 letter which is part of **Exhibit A**), but the terms of the deal provide that part of that amount was a \$50,000 escrow that had previously been tendered and forfeited in a previous bid for the facility. The net effect of the DRS letter of intent is an \$860,000 purchase price.

from **Exhibit A**, all required signatures have been obtained and what is now needed is approval of the sale from the Court, said approval being an expressed contingency of the sale.

### **III. HISTORY OF PINE BLUFF BOND ISSUE DEFAULT / EFFORTS TO SELL PINE BLUFF FACILITY**

The Pine Bluff Bond Issue was issued in December 1999, with Sentinel Trust Company designated as the indenture trustee. The Pine Bluff Bond Issue was secured by a first lien status over the Pine Bluff Facility in favor of the bondholders, but pursuant to the terms of the indenture trust agreement. The Pine Bluff Bond Issue has been in default since December 2000.

In April 2001, Sentinel Trust, as indenture trustee, filed an action in the United States District Court for the Eastern District of Arkansas, Pine Bluff Division (Sentinel Trust Company v. The Teaching Ministry d/b/a Trinity Healthcare, et al, No. 5-01-CV-00115) (“local Pine Bluff Receivership Action”) seeking, among other matters, the appointment of a receiver over the Pine Bluff Facility and its owner, Teaching Ministry.

Since the April 2001 institution of the local Pine Bluff Receivership Action, the original Pine Bluff Receiver (Tri-Health Services) has been replaced with a successor (and current) receiver (LTC Systems), the operations of the Pine Bluff Facility have continued, and numerous efforts have been undertaken to sell the nursing home facility. It is the understanding of the Sentinel Trust Receiver that, prior to the institution of the May 2004 Sentinel Trust receivership, several efforts to sell the Pine Bluff Facility were very close to being finalized but, for various reasons (many of which related to inability of the purchaser to secure financing) were never consummated.

Since the institution of the Sentinel Trust receivership, the Sentinel Trust Receiver has undertaken efforts to sell the Pine Bluff Facility and has come very close to finalizing a deal. In fact, in June 2004, the Sentinel Trust Receiver moved this Court for approval of a sale of the collateral for a proposed sale price of \$1.1 million (which approval was granted through Court

Order entered on June 30, 2004 -- see Exhibit B hereto). Unfortunately, that deal fell apart after the Court had granted its approval.<sup>2</sup>

Subsequent to the June-July, 2004 timeframe, efforts to sell the Pine Bluff Facility have continued, but the discussions concerning the sale of the facility were at monetary levels (e.g., \$700,000 range) much lower than the June 2004 \$1.1 million proposed purchase price and the \$1.0 million July 2003 appraisal.<sup>3</sup> The Sentinel Trust Receiver has been informed by the current Pine Bluff Receiver, LTC Systems, that over the time that it has been the local receiver over the property (i.e., since late 2003), the patient/resident population of the nursing home has decreased and various elective maintenance issues on the property have been deferred.

The current offer, for which approval is sought, is the result of the Sentinel Trust Receiver's and the local Pine Bluff Receiver's efforts to identify numerous entities within the nursing home industry who might have interest in the Pine Bluff Facility. Those efforts resulted in receiving letters of intent from four different entities in the late March 2005 timeframe. All of the interested parties which had submitted a letter of intent were then allowed another opportunity to increase their letter of intent positions. Those positions ranged from as low as \$750,000 to as high as \$860,000. Terms and conditions of the various letters of intent were compared by both the Sentinel Trust Receiver and the local Pine Bluff Receiver, and the DRS purchase price and terms were the highest and best.<sup>4</sup>

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<sup>2</sup> Undersigned counsel, on two occasions at subsequent motion dockets in this matter, has announced to the Court that the \$1.1 million Pine Bluff sale, that had been envisioned, had fallen apart and was no longer viable.

<sup>3</sup> Attached as **Exhibit C** is a copy of that \$1.0 million appraisal (summary description part only).

<sup>4</sup> In conjunction with the letter of intent, DRS presented information demonstrating an ability to present cash at closing and, thus, there is no financing contingency.

#### **IV. ARGUMENT FOR APPROVAL**

##### **a) Authority to Approve Sale**

This Court, pursuant to T.C.A. § 45-2-1501, et seq., exercises supervisory powers over this receivership. In addition, this Court has the inherent power to exercise control over and rule upon the matters presented to it. The Sentinel Trust Receiver asserts that the action of selling the Pine Bluff Facility falls under T.C.A. § 45-2-1504(a)(1) and/or § 45-2-1504(a)(2) and is the necessary precursor to paying claims which fall under T.C.A. § 45-2-1504(a)(3). Thus, under those statutory sections, approval of the Court is needed. The Sentinel Trust Receiver further asserts that seeking the Court's approval clearly falls within the category of such actions as the Commissioner may deem necessary regarding the efforts to surrender fiduciary property and/or settle fiduciary accounts under T.C.A. § 45-2-1504(c).

Accordingly, whether under the statutory provisions cited above, or pursuant to the inherent ability of the Court to address matters presented to it in cases pending before it, this Court can approve the sale of the Pine Bluff Facility. Moreover, because this Court's approval is a contingency that must occur prior to the sale closing, respectfully, the Court must consider and rule on the instant motion.

##### **b) Argument for Approval**

The efforts undertaken, and the fact that those efforts yielded four competing bids (all of which gravitated toward generally the same price level), indicate that the \$860,000 DRS purchase price approximates the reasonable and fair market value of the Pine Bluff Facility.

As has been noted, a July 2003 appraisal of the Pine Bluff Facility yielded a \$1.0 million appraised value, and the \$860,000 DRS purchase price is below that amount. However, in seeking approval of the DRS purchase price, the Sentinel Trust Receiver would make two points. First, as related by the local Pine Bluff Receiver, the patient/resident population of the Pine Bluff

Facility has decreased and elective maintenance on the facility has been deferred since the time of that July 2003 appraisal -- two matters which obviously impact upon an appraisal and/or the setting of a purchase price. Those matters could easily account for the difference between the DRS purchase price and the July 2003 appraisal. Second, the \$860,000 price is not that far from the \$1.0 million mark and, certainly, presents the best purchase price received by the Sentinel Trust Receiver in some time.

Based upon these matters, the Sentinel Trust Receiver has presented the DRS letter of intent documents to the Commissioner-in-Possession, and he concurs in the recommendation that this Court approve the sale of the Pine Bluff Facility pursuant to those letter of intent documents (i.e., **Exhibit A**).

#### **V. EVENTS SUBSEQUENT TO THIS COURT'S APPROVAL**

In conjunction with the presentation of the DRS purchase price/letter of intent for the Court's consideration and approval, the local Pine Bluff Receiver will present a similar motion in the Pine Bluff Receivership Action seeking approval from that court as well. In the interim, the parties will agree upon a purchase and sale agreement of standard terms. Closing is to occur at the later of thirty (30) days after signing the purchase and sale agreement or thirty (30) days after the obtaining of the court approvals.<sup>5</sup> The net proceeds of the sale will first be addressed in the context of the local Pine Bluff Receivership Action, but also in the context of the Sentinel Trust Receiver filing materials, if necessary, reminding that court of its first lien status as to those proceeds (as per the indenture trust agreement). In conjunction with the wind down of the local

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<sup>5</sup> This assumes that no appeal has been filed and that the approval order is then final and non-appealable. See Section VII infra regarding the Sentinel Trust Receiver's request for certification of finality under Rule 54.02 Tenn.R.Civ.P.

Pine Bluff Receivership Action, the remaining proceeds from the sale<sup>6</sup> would then be forwarded to the Sentinel Trust Receiver to be held pending further directions of the Commissioner-in-Possession and this Court.

## **VI. NOTICE OF MOTION TO PINE BLUFF BOND ISSUE BONDHOLDERS**

A copy of this motion, including the notation of when and where the motion is set for hearing, will be mailed via First Class Mail to all current Pine Bluff Bond Issue bondholders, as reflected in the books and records of Sentinel Trust. To minimize copying and postage costs, the exhibits to this motion will not be mailed to those bondholders, but the mailing of the motion will be accompanied by a one-page Notice referring them to the Tennessee Department of Financial Institutions website where they can view those exhibits.

## **VII. REQUEST FOR RULE 54.02 CERTIFICATION OF FINAL ORDER**

As noted herein, the closing of this sale is set in such a way that any order approving the sale can become final and non-appealable (i.e., closing is not to occur until at least thirty (30) days after the entry of the approval order). In order, however, to render an approval of the sale of the Pine Bluff Facility as final and non-appealable, a Rule 54.02 Tenn.R.Civ.P. certification by this Court is needed.

The Sentinel Trust Receiver's request for a Rule 54.02 certification of final order is not merely a superfluous procedural request. Rather, the Sentinel Trust Receiver has been informed that in order to gain a clean title insurance policy, which will be a requirement of closing, the needed approval order must be final -- which, of course, makes sense because no title company would issue such a policy if the specter of an appeal remained.

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<sup>6</sup> Further amounts will be deducted prior to the closure of the local Pine Bluff Receivership Action due to agreements made by previous Sentinel Trust management to settle a disputed claim with the initial Pine Bluff Receiver (Tri-Health Services) and due to the potential of administrative charges incurred by the current Pine Bluff Receiver being deducted at the local Pine Bluff Receivership Action level.

To that end, the Sentinel Trust Receiver requests that, if the Court enters an order approving the sale of the Pine Bluff Facility to DRS based on the terms set forth in **Exhibit A** hereto, then the Court is also requested to make the express determination that there is no just reason to delay that order from becoming final and to further expressly direct the Clerk & Master to enter the order as a final order. Rule 54.02 Tenn.R.Civ.P.

### **VIII. CONCLUSION**

For the reasons stated herein, the Sentinel Trust Receiver requests that the Court grant this motion and enter an order consistent with the relief requested herein.

Respectfully submitted,

  
\_\_\_\_\_  
J. Graham Matherne, BPR #11294  
Wyatt, Tarrant & Combs, LLP  
2525 West End Avenue, Suite 1500  
Nashville, TN 37203-1423  
(615) 244-0020

*Counsel for Jeanne Barnes Bryant and Receivership  
Management, Inc., Receiver of Sentinel Company,  
in Liquidation*

**IT IS ANTICIPATED THAT THIS MOTION WILL BE SET FOR HEARING  
BEFORE THE COURT IN HOHENWALD, LEWIS COUNTY, TENNESSEE  
ON MONDAY, APRIL 25, 2005 AT 9:00 A.M.**

### CERTIFICATE OF SERVICE

This is to certify that on April 15<sup>th</sup>, 2005 a copy of the foregoing Motion including Exhibits has been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter  
Office of the Attorney General  
Financial Division  
425 5th Avenue North  
P.O. Box 20207  
Nashville, TN 37243

Carrol Kilgore  
Branstetter, Kilgore, Stranch & Jennings  
227 Second Avenue North  
4<sup>th</sup> Floor  
Nashville, TN 37201

Donald Schwendimann  
306 W. Main Street  
P.O. Box 366  
Hohenwald, TN 38462

Larry Stewart  
Stokes, Bartholomew, Evans & Petree  
424 Church Street, Suite 2800  
Nashville, TN 37219

David D. Peluso  
106 East Main Street  
Hohenwald, TN 38462

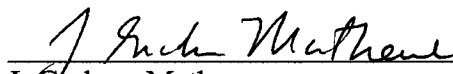
James S. Hereford, Jr.  
310 W. College Street  
P.O. Box 802  
Fayetteville, TN 37334-0802

William B. Hubbard  
Weed, Hubbard, Berry & Doughty  
SunTrust Bank Bldg., Suite 1420  
201 Fourth Avenue North  
Nashville, TN 37219

Diana M. Thimmig  
Roetzel & Andress  
1375 East Ninth Street  
One Cleveland Center, Ninth Floor  
Cleveland, OH 44114

James S. Chase  
John A. Decker  
Hunton & Williams LLP  
900 South Gay Street, Suite 2000  
P.O. Box 951  
Knoxville, TN 37901

and that a copy of the foregoing Motion without Exhibits, but with specific direction to the Tennessee Department of Financial Institutions website where such Exhibits will be posted, has been sent by First Class U.S. Mail, postage paid, to all current Pine Bluff Bond Issue bondholders as shown in the records of Sentinel Trust Company.

  
\_\_\_\_\_  
J. Graham Matherne



March 30, 2005

Via Facsimile to 972-419-6890

Sentinel Trust Company, acting through its  
receiver, Receivership Management, Inc.  
Attn: Jean Bryant  
215 Centerview Drive, Suite 133  
P.O. Box 2307  
Brentwood, TN 37027

Re: Revised Letter of Intent regarding Acquisition of Pine Bluff Nursing Home

Dear Ms. Bryant:

This revised Letter of Intent (the "Letter"), which supersedes our previous Letter of Intent, confirms the interest of *DRS Holdings, LLC* ("Purchaser"), a *Limited Liability Company*, to engage in a transaction whereby Purchaser purchases the assets (the "Acquisition") of the Pine Bluff Nursing Home, located at 3701 South Main Street, Pine Bluff, Jefferson County, Arkansas (hereinafter "Pine Bluff") from Sentinel Trust Company, Trustee acting through Receivership Management, Inc. as its receiver (hereinafter "Sentinel Trust"). This letter states the terms and conditions upon which Purchaser and Sentinel Trust will consider the Acquisition. Except as specifically set forth below, this letter is not binding on any party hereto or any other person.

The terms and conditions of the Acquisition will be as follows:

1. Assets to be Sold. Sentinel Trust will transfer and convey all of the assets used or held for use in the operation of Pine Bluff, which shall include, without limitation, the licenses and authorizations to operate Pine Bluff (subject to all applicable state approval and the ability to transfer ownership of licenses), the real estate, the equipment and other tangible personal property, the rights of Sentinel Trust under certain leases and other agreements, contracts for the sale of advertising time, and accounts receivable. These tangible assets and real property will be transferred without representation as to the condition thereof.
2. Consideration. The purchase price for the real property, assets and licenses will be \$900,000.00, which will be paid by Purchaser in cash at the closing (the "Closing"). Purchaser wishes to receive credit for that certain \$50,000.00 deposit previously made by purchaser. Upon acceptance of this Letter of Intent, Purchaser will deposit \$50,000.00 with a mutually acceptable escrow agent as non-refundable (subject to Paragraph 11) earnest money deposit (the "Earnest Money

EXHIBIT

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Deposit") of the purchase price. At the Closing, the Earnest Money Deposit will be paid to Sentinel Trust as a portion of the above purchase price.

3. Due Diligence. Subject to the confidentiality provisions set out in Paragraph 9 below, Sentinel Trust and its attorneys, accountants, and agents, will immediately provide reasonable access to any and all books and records to Purchaser, in order for Purchaser to perform a due diligence review of such other party. This due diligence review will take no longer than fifteen (15) calendar days from the date Purchaser receives Sentinel Trust's acceptance of this Letter, provided that during such fifteen (15) days, Purchaser shall have the absolute discretion to terminate the proposed Acquisition, based on the results of such due diligence. In the event of such termination, Sentinel Trust shall be entitled to retain and apply the Earnest Money Deposit (together with interest thereon).
4. Access to Information. Subject to the confidentiality provisions set out in Paragraph 9 below, Sentinel Trust agrees to provide as soon as possible the following items, or true and correct copies thereof, to Purchaser or its agent:
  - A. Pine Bluff's most recent balance sheet and income statement.
  - B. Any title information concerning the real property where the Pine Bluff Nursing Home is located.
  - C. Pine Bluff's personnel list, to include salaries, dates of hire, dates of last raises, and unused vacations.
  - D. A schedule of all Pine Bluff's assets (including furniture, fixtures, and leasehold improvements) with accurate descriptions, acquisition dates, and cost information.
  - E. All of Pine Bluff's leases.
  - F. A schedule of Pine Bluff's existing contracts.
  - G. A copy of Pine Bluff's most recent accounts receivable list indicating client, amount, and aging, which list shall be no older than thirty (30) days from the date of the acceptance of this Letter by Sentinel Trust.
  - H. A schedule of all pending or threatened litigation proceedings or investigations involving Pine Bluff before any court or governmental agency.
  - I. A list of Pine Bluff's liabilities, along with copies of all documents which evidence each liability and any security therefore.
5. Operations Pending Closing. Pending the Closing, Sentinel Trust will continue the operation of Pine Bluff in good faith and in the ordinary and normal course,

using its best efforts to maintain the business of Pine Bluff. However, it is understood by Purchaser that Sentinel Trust is in receivership.

6. Public Disclosure. Pending the execution and delivery of a purchase agreement, the timing and content of all announcements regarding any aspect of the transaction contemplated by this Letter, to the community, governmental agencies, employees or the public generally, will be mutually agreed upon by Sentinel Trust and Purchaser in advance. This obligation shall not be deemed to prohibit any party from making any disclosure which its counsel deems necessary in order to fulfill that party's disclosure obligations imposed by law.
7. Expenses. Each party shall bear its own expenses and attorneys fees in connection with implementation of the terms and conditions of this Letter.
8. Confidentiality. All non-public information acquired by either party concerning the business, operations and affairs of the other party will be kept confidential and will not be used for any purposes other than the consummation of the Acquisition, or be disclosed to any other person and entity. In the event negotiations between the parties are terminated for any reason, any information furnished by either party to the other will be immediately returned. Nothing in this paragraph will prevent either party from retaining independent counsel, accountants, engineers, and other professionals which it deems appropriate to assist it with the performance of due diligence or the consummation of the Acquisition, and the disclosure of any confidential information to such persons.
9. Purchase Agreement. If the Acquisition moves forward after the end of the due diligence period described in Paragraph 3 above, the parties will enter into an acceptable purchase agreement within twenty (20) days from the date Purchaser receives Sentinel Trust's acceptance of this Letter. The Acquisition must close within thirty (30) days of the date hereof, or as soon as approval is obtained by the appropriate courts, whichever date is later. It is understood that such approval(s) is a condition precedent to any Acquisition.
10. Other Offers. Purchaser understands that Sentinel Trust is presently in contact with other interested parties and may continue to solicit other offers up until the time a purchase agreement for the Acquisition is executed. In the event Sentinel decides to pursue another offer to closing, Purchaser's earnest money shall be fully refunded, but Purchaser shall not be reimbursed for any due diligence or other expenses.
11. Nonbinding Letter. The matters described herein are expressions of current intentions only and are not intended to be binding on any party, except for the provisions of Paragraphs 7, 8, and 9, which are intended to be binding. Except with respect to such three (3) paragraphs, the parties hereto will not have binding obligations until a purchase agreement is fully executed and delivered.

Sincerely,

DRS Holdings, LLC

By: [Signature]  
Print Name: DAVID A. SCHWARTZ  
Title: MANAGER

Agreed to and accepted this 8th day of April, 2005.

SENTINEL TRUST COMPANY, AS TRUSTEE,  
ACTING THROUGH RECEIVERSHIP  
MANAGEMENT, INC., Receiver

By: [Signature]  
Print Name: Trayne B. Bryant  
Title: President

[Signature]

LTC Systems, Receiver

By: [Signature]  
Brandon Adams, Member

LAW OFFICES

**KLARY E. PUCCI**

TRIDENT CENTER  
11355 WEST OLYMPIC BLVD  
SUITE 100

LOS ANGELES, CALIFORNIA 90064

DAVID R. SCHWARCZ  
KLARY E. PUCCI

LAW CLERK:  
NEETA DESHMUKH

TELEPHONE (310) 914-1770

FACSIMILE (310) 914-1774

April 1, 2005

Via Facsimile Only to 972-419-6890 and 615-256-1726

Robert M. Stone, CCIM  
Henry S. Miller Commercial Co.  
Real Estate Brokerage/ Consulting

Tony Saunders  
Wyatt, Tarrant & Combs, LLC

Re: LOI/ Pine Bluff Nursing Home

Dear Sirs,

Purchaser agrees to increase the existing \$50,000.00 deposit into escrow by an additional \$100,000.00, for a total of \$150,000.00. The total purchase price shall be \$910,000.00 (with a credit for the exiting deposit of \$50,000). The Due Diligence period shall be 15 days from the date Purchaser receives written notice of LOI acceptance. The sale is subject to court approval. Purchaser will execute a purchase and sale agreement within 15 days from that date that Purchaser receives written acceptance of the LOI subject to the agreed upon terms and conditions incorporated into the Agreement. Closing shall be the later of 30 days from full execution of the Purchase and Sale Agreement or Purchaser's receipt of a true and correct copy of the Court Order Sale. All other terms of the March 30, 2005 LOI shall remain the same. Proof of Available Funds in cash is attached hereto.

Your attention to this matter is greatly appreciated.

Very truly yours,

Klary E. Pucci

Encl.

Sentinel Trust Company, as Trustee  
Acting Through Receivables Management, Inc., New  
Jeane B. Bryant  
Jeane B. Bryant  
President

LTC Systems, Receiver  
By: B. Adams Member  
Bridget

04/13/2005 13:31 FAX 15019320058

RELIANCE

002/002

04/13/2005 WED 13:42 FAX 6152561726 Wyatt, Tarrant &amp; Combs

002/002

LAW OFFICES  
**KLARY E. PUCCI**  
 TRIDENT CENTER  
 11355 WEST OLYMPIC BLVD  
 SUITE 100  
 LOS ANGELES, CALIFORNIA 90064  
 TELEPHONE (310) 914-1770  
 FACSIMILE (310) 914-1774

DAVID R. SCHWARZ  
 KLARY E. PUCCI

LAW CLERK  
 NESTA DESER-CHEN

April 13, 2005

Via Facsimile Only to 972-419-6890 and 615-256-1726

Robert M. Stone, CCIM  
 Henry S. Miller Commercial Co.  
 Real Estate Brokerage/ Consulting

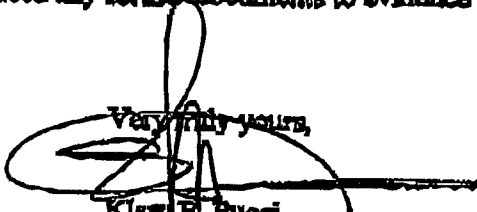
Tony Saunders  
 Wyatt, Tarrant & Combs, LLC

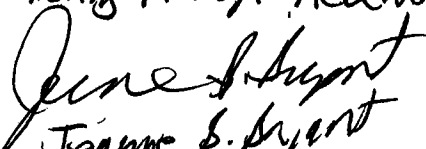
Re: LOI/ Pine Bluff Nursing Home


Dear Sirs,

Pursuant to our earlier telephone conversation in relation to that certain Letter of Intent (hereinafter "LOI") executed by DRS Holdings, LLC on or about March 30, 2005, please be advised that it is the intent of DRS Holdings, LLC to forego the "Accounts Receivable" listed within Paragraph 1 of the LOI and entitled "Assets to be Sold."

Please contact us shall you need any further documents to evidence our intent.

Very truly yours,  
  
 Klary E. Pucci

Sentinel Trust Company, Trustee,  
 Acting Through Receivables Management, Inc., Receiver  
  
 Jeanne S. Bryant  
 President

LTC. Sybil R. Rasmussen  
  
 Sybil R. Rasmussen

IN THE CHANCERY COURT OF LEWIS COUNTY  
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company

)  
)  
) Case No. 4781  
)

ORDER APPROVING SALE OF PINE BLUFF,  
JEFFERSON COUNTY, ARKANSAS PROPERTY

Upon motion of the Receiver, heard on June 30, 2004, the Court hereby approves the sale of the Pine Bluff, Jefferson County, Arkansas property for the proposed sale price of \$1.1 million pursuant to an Asset Purchase Agreement of standard terms acceptable to the Receiver. It is further ordered that the proceeds from that sale are to be held by the Receiver for safe keeping to await further directives of the Commissioner-in-Possession and/or the Receiver and/or further order of this Court.

IT IS SO ORDERED, this the 30<sup>th</sup> day of June, 2004

*B E Lee Davies*

Honorable R.E. Lee Davies

APPROVED FOR ENTRY:

*J. Graham Matherne*

J. Graham Matherne, BPR#11296

Wyatt, Tarrant & Combs

2525 West End Avenue, Suite 1500

FILED *June 30* *2004*  
at *4:55* o'clock *P* M.  
JANET WILLIAMS, Clerk & Master  
BY *Janet Williams*

EXHIBIT

B

Nashville, TN 37203-1423

(615) 244-0020

Counsel for Jeanne Barnes Bryant and

Receivership Management, Inc.

Receiver of Sentinel Trust Company

**CERTIFICATE OF SERVICE**

This is to certify that on June 30, 2004 a copy of the foregoing Order has been sent by First Class U.S., postage paid, and by facsimile transmission to:

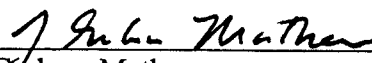
William H. Farmer  
Farmer & Luna  
333 Union Street, Suite 300  
Nashville, TN 37201  
[FAX] (615) 254-7123

Carrol Kilgore  
Branstetter, Kilgore, Stranch & Jennings  
227 Second Avenue, North  
4<sup>th</sup> Floor  
Nashville, TN 37201  
[FAX] (615) 255-5419

Donald Schwendimann  
306 W. Main Street  
P.O. Box 366  
Hohenwald, TN 38462  
[FAX] (931) 796-5692

Larry Stewart  
Stokes, Bartholomew, Evans & Petree  
424 Church Street, Suite 2800  
Nashville, TN 37219  
[FAX] (615) 259-1470

Janet M. Kleinfelter  
Senior Counsel  
Financial Division  
425 5th Avenue North  
P.O. Box 20207  
Nashville, TN 37243  
[FAX] (615) 532-8223

  
\_\_\_\_\_  
J. Graham Matherne



**AN UPDATE MARKET VALUE APPRAISAL**

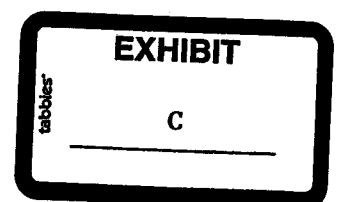
**Pine Bluff Nursing Home  
3701 S. Main Street  
Jefferson County  
Pine Bluff, Arkansas**

**For**

**Sentinel Trust**

**As Of  
July 1, 2003**

**By  
PROVINCE VALUATION GROUP**



**PROVINCE CONSULTING GROUP**  
*Healthcare Appraisers and Consultants*

July 1, 2003

Mr. James "Buddy" Skinner  
Sentinel Trust  
8122 Sawyer Road  
Nashville, Tennessee 37221-1402

Dear Buddy:

At your request, we have updated the "As-Is" Market Value of the following property. The original date of appraisal was December 1, 2001.

**Pine Bluff Nursing Home**  
**3701 S. Main Street**  
**Jefferson County**  
**Pine Bluff, Arkansas**

The "As-Is" date of appraisal is:

July 1, 2003

The ownership interest being appraised is:

Fee Simple Estate

The appraisal was conducted under the Uniform Standards of Professional Appraisal Practices, (USPAP). These techniques conform with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute as well as the appraisal policies, rulings and guidelines of Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA), which include the appraisal guidelines and rulings of the Office of the Comptroller of the Currency. This letter is also prepared in conformity to the provisions of the Resolution Trust Corporation's final regulation on appraisals, 12 C.F.R. part 34.

Carol Reynolds, MAI, CCIM has the knowledge and experience to complete the assignment competently. Furthermore, employment for this appraisal assignment was not conditional upon producing a specified value or a value within a given range. Future employment prospects are not dependent upon producing a specified value. Employment and payment of the appraisal fee is not based on whether a loan application is approved or disapproved.

5800 Mountain Creek Road  
Atlanta, Georgia 30328  
404-459-0066 - 404-459-0206 (fax)  
[www.provincevaluation.org](http://www.provincevaluation.org)

The reasonable exposure time is an estimate of the time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. A reasonable exposure time for the subject property is twelve months.

The reasonable marketing time is an estimate of the time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. A reasonable marketing time for the subject property is twelve months.

### Conclusion

#### **Market Value "As-Is"**

Based upon the analysis as presented in this report, it is our opinion that the "As-Is" Market Value of the tangible and intangible assets of the subject property, as of:

July 1, 2003

can be represented in the rounded amount of:

**\$1,000,000**

Mr. James "Buddy" Skinner  
Sentinel Trust

July 1, 2003  
Page 3

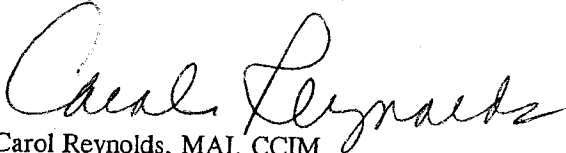
The Market Value of the Going Concern is broken down as follows:

|                                   |             |           |
|-----------------------------------|-------------|-----------|
| Market Value of the Going Concern | 1,000,000   |           |
| FF&E                              | \$142,000   |           |
| Business Value                    | \$0         |           |
| Real Property Value               | \$1,000,000 |           |
| Land Value                        |             | \$100,000 |
| Building Value                    |             | \$758,000 |

Note: The Going Concern value is inclusive of working capital, licensing permits, management and staffing required for the care of residents. The allocation of value is based on the following factors and market conditions. The land value is the "as-is" market value for the land as estimated within the narrative report. The furniture, fixtures and equipment are as estimated on the replacement chart within the Capital Expense section. Included are lobby furniture, office furniture, patient room furniture, dietary equipment and laundry equipment. Long-lived items at noted on the chart are not included. The real estate value has been determined through analysis of the real estate in the Cost Approach section. The real estate allocation is that value attached to the physical structure (bricks and mortar plus the land) and the estimate of value for the furniture, fixtures and equipment. The business value allocation (goodwill, etc.) is the difference between the estimated value of the real estate (land; furniture, fixtures and equipment; and bricks and mortar) and the correlated value for the subject property.

A complete self-contained narrative report to substantiate our findings is attached. It has been a pleasure to serve you in this matter.

Sincerely,



Carol Reynolds, MAI, CCIM  
Texas State Certified Appraiser

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**ADDENDA:**

PROFESSIONAL QUALIFICATIONS  
 STATE LICENSE CERTIFICATE  
 ENGAGEMENT LETTER  
 ZONING REGULATIONS  
 BUILDING SALE COMPARABLES  
 BUILDING SALE COMPARABLE MAP  
 LAND SALE COMPARABLES  
 LAND SALES MAP

SUBJECT PHOTOGRAPH



# SUMMARY OF CONCLUSIONS

PROPERTY IDENTIFICATION: Pine Bluff Nursing Home  
3701 S. Main Street  
Jefferson County  
Pine Bluff, Arkansas

TYPE OF PROPERTY: Nursing

DATE OF REPORT: July 1, 2003

DATE OF INSPECTION: June 15, 2003

EFFECTIVE DATE OF APPRAISAL:  
AS-IS July 1, 2003

PROPERTY RIGHTS APPRAISED: Fee Simple Estate

## IMPROVEMENT DESCRIPTION:

LICENSURE Nursing Home and Independent Living Cottages  
GROSS BUILDING AREA 70,225  
NUMBER OF STORIES 1

NUMBER OF BEDS 160 plus 12 independent living cottages  
AGE OF FACILITY 1960s  
CONDITION OF FACILITY Good to Average

## MANAGEMENT AND OWNERSHIP:

MANAGEMENT Tri-Health Services, LLC  
OWNERSHIP In Receivership

## BEDS:

|             |     |
|-------------|-----|
| Private     | 30  |
| Medicare    | 110 |
| Medicaid    | 20  |
| IL Cottages | 12  |

## DAILY RATE:

|            |
|------------|
| \$107.89   |
| \$255.16 ✓ |
| \$104.89 ✓ |
| \$19.15    |

## MONTHLY RATE:

|         |
|---------|
| \$3,282 |
| \$7,761 |
| \$3,190 |
| \$582   |

TOTAL 172

STABILIZED OCCUPANCY: 54.1%

FLOOD ZONE DESIGNATION: Zone X

ZONING: B-1 and I-1

## HIGHEST AND BEST USE:

AS VACANT Institutional Use  
AS IMPROVED Institutional Use

REASONABLE MARKETING TIME (MONTHS): 12 Months

LAND AREA (ACRES): 10.07

## SUMMARY OF CONCLUSIONS (CONTINUED)

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### VALUE INDICATIONS - AS IS

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|                                       |             |
|---------------------------------------|-------------|
| LAND VALUE:                           | \$100,000   |
| FURNITURE, FIXTURES, & EQUIPMENT.:    | \$142,000   |
| GOING CONCERN VALUE (BUSINESS VALUE): | \$0         |
| INCOME APPROACH:                      | \$1,000,000 |
| SALES COMPARISON APPROACH:            | \$1,000,000 |
| COST APPROACH:                        | \$1,000,000 |
| MARKET VALUE CONCLUSION:              | \$1,000,000 |